

SIGAR

**Special Inspector General for
Afghanistan Reconstruction**

SIGAR 14-13 Inspection Report

**Forward Operating Base Sharana: Poor Planning
and Construction Resulted in \$5.4 Million Spent
for Inoperable Incinerators and Continued Use of
Open-Air Burn Pits**



**DECEMBER
2013**

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SIGAR | Office of the Special Inspector General for Afghanistan Reconstruction

December 16, 2013

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General Joseph F. Dunford, Jr.
Commander, U.S. Forces–Afghanistan, and
Commander, International Security Assistance Force

Lieutenant General Mark A. Milley
Commander, International Security Assistance Force Joint Command, and
Deputy Commander, U.S. Forces–Afghanistan

Lieutenant General Thomas P. Bostick
Commanding General and Chief of Engineers,
U.S. Army Corps of Engineers

This report discusses the results of SIGAR's inspection of incinerators and supporting facilities at Forward Operating Base (FOB) Sharana in Paktika province, Afghanistan. The report recommends that the Commanding General, U.S. Army Corps of Engineers (USACE), (1) conduct an inquiry into the circumstances of the acceptance of the incinerator facility at FOB Sharana and the payment of \$5.4 million to the contractor and (2) based on the results of this inquiry, determine if any action should be taken against the contracting officer(s).

In commenting on a draft of this report, USACE concurred with both of SIGAR's recommendations, stating that it had conducted the recommended inquiry and found that the incinerator facility was constructed in accordance with contract technical specifications and turned over as an operable facility in December 2012. USACE also stated that none of the USACE contracting officers assigned to provide oversight on this contract failed to appropriately perform their assigned duties on the contract and that, therefore, it will not take action against any of these contracting personnel.

Although we appreciate USACE's concurrence with our recommendations, we question the accuracy of USACE's inquiry and the conclusions it reached for several reasons. For example, the contractor that would have operated the incinerators estimated that it would cost about \$1 million to fix deficiencies found in the work performed by the contractor responsible for constructing the facility. Moreover, the fact remains that USACE paid the contractor in full for an incinerator facility that was never used to process solid waste, that experienced a 30-month delay, and that had a number of construction deficiencies. Therefore, we ask that within 15 days USACE provide SIGAR complete supporting documentation for its conclusions that the incinerator facility was transferred in operable condition and, more importantly, that USACE contracting personnel appropriately performed their assigned duties on the contract.



SIGAR

**Office of the Special Inspector General
for Afghanistan Reconstruction**

This is the third in a series of inspections involving the construction of incinerators and supporting facilities at U.S. bases throughout Afghanistan. SIGAR conducted this inspection under the authority of Public Law No. 110-181, as amended; the Inspector General Act of 1978, as amended; and in accordance with the *Quality Standards for Inspection and Evaluation*, published by the Council of the Inspectors General on Integrity and Efficiency.

A handwritten signature in black ink, appearing to read "John F. Sopko".

John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

The U.S. Army Corps of Engineers (USACE) awarded a \$5.6 million contract (W912ER-09-C-0042) on September 18, 2009, to International Home Finance & Development LLC, a company based in Denver, Colorado, to construct solid waste management facilities at Forward Operating Base (FOB) Sharana.¹ At the time the contract was awarded, the base was using open-air burn pit operations to dispose of its solid waste.

International Security Assistance Force officials installed incinerator facilities at military bases throughout Afghanistan, including FOB Sharana, for several reasons. Of particular concern was the possible health hazard to base personnel from emissions generated by open-air burn pits used to dispose of solid waste material.²

For this inspection, we assessed whether (1) construction was completed in accordance with contract requirements and applicable construction standards and (2) the incinerators and supporting facilities were being used as intended and maintained.

We conducted our inspection work in Kabul, Afghanistan, and at FOB Sharana located in Paktika province, from May through November 2013, in accordance with the *Quality Standards for Inspection and Evaluation*, published by the Council of the Inspectors General on Integrity and Efficiency. The engineering assessment was conducted by a professional engineer in accordance with the National Society of Professional Engineers' *Code of Ethics for Engineers*. Appendix I provides a more detailed discussion of our scope and methodology.

U.S. ARMY CORPS OF ENGINEERS PAID THE CONTRACTOR IN FULL, DESPITE CONSTRUCTION DELAYS AND DEFICIENCIES, SUCH AS ELECTRICAL PROBLEMS

Our site inspection on May 20, 2013, found that the two incinerators installed at the site were not in operation. As a result, we could not fully assess the extent to which the facility met technical specifications. However, we were able to determine that (1) the project experienced significant construction delays; (2) the facility had electrical supply problems that could pose safety hazards; and (3) the incinerators, if made operational, could only be used by manually loading and unloading waste and would be limited to about 80 percent of the capacity called for under the original contract. Photo 1 shows the two incinerators at FOB Sharana.

- Reasons for Some Project Delays Were Not Documented
Construction of the facility was initially scheduled for completion in August 2010. However, transfer of the facility from USACE to FOB Sharana was not completed until December 2012, with the contract closed out on January 15,

Photo 1 - Two 40-Ton Capacity Incinerators at FOB Sharana



Source: SIGAR, May 20, 2013.

¹ The contractor responsible for construction of the incinerator system was paid \$5.4 million, rather than the contracted amount of \$5.6 million, due to modifications to the contract.

² Some possible health hazards associated with smoke emitted by burning waste include breathing particulate matter such as lead, mercury, dioxins, and irritant gases, which can negatively affect organs and body systems, such as the adrenal glands, lungs, liver, and stomach. See *Epidemiological Studies of Health Outcomes among Troops Deployed to Burn Pit Sites*, jointly prepared by The Armed Forces Health Surveillance Center, The Naval Health Research Center, and The U.S. Army Public Health Command (Provisional), May 2010; *Afghanistan and Iraq: DOD Should Improve Adherence to Its Guidance on Open Pit Burning and Solid Waste Management*, U.S. Government Accountability Office, GAO-11-63, October 2010; and *Long-Term Health Consequences of Exposure to Burn Pits in Iraq and Afghanistan*, Institute of Medicine, Committee on the Long-Term Health Consequences of Exposure to Burn Pits in Iraq and Afghanistan, October 2011.

2013. By that time, there had been 896 days of delays. Based on our review of available documentation, we determined that 235 of the 896 days were attributable to security and weather delays. USACE officials could not provide documentation to account for the remaining 661 days of delays. However, USACE officials told us that contractor performance issues contributed to project delays. For example, (1) the contractor was suspended for 62 days for failure to have qualified site safety, health, and quality control personnel on site; (2) the contractor was slow in completing and submitting safety, quality control, and schedule recovery plans; (3) the project experienced high turnover rates of contractor personnel, including project managers; and (4) contractor management did not become actively involved in, or visit, the project.

- *Electrical Deficiencies Posed Safety Hazards*

The contract called for all work to be conducted under the general direction of the contracting officer and subject to U.S. government inspection and testing before acceptance of the facility to ensure compliance with the terms of the contract. USACE officials told us they never conducted a test of the incinerators to ensure they were operational and met contract requirements. However, Fluor, the base contractor that would have operated the incinerator system upon project completion,³ conducted an inspection of the incinerators that identified numerous electrical deficiencies that could pose safety hazards. Fluor's inspection noted, among other things, that (1) the wiring did not comply with electrical code,⁴ (2) electrical outlet boxes were not approved for installation in plaster or concrete, (3) electrical outlet boxes had unsealed openings, and (4) the incinerator power was not properly bonded.⁵ Fluor officials estimated that it would cost approximately \$1 million to repair these deficiencies, and FOB Sharana officials told us they decided not to operate the incinerators because of the high cost to repair the electrical deficiencies.⁶

- *Limitations to Incinerator Operability*

Our inspection also found that even if the electrical deficiencies were corrected, the incinerators could not be fully used. Although the contract required installing an incinerator facility with the capacity to process 24 tons of solid waste per day, two 40-ton capacity incinerators were actually installed at the facility.⁷ Based on our observations and discussions with base personnel, we determined that the physical layout of the incinerators, as constructed, would allow them to process only 20 tons of solid

³ Under the U.S. Army Logistics Civil Augmentation Program, Fluor provides the Department of Defense and coalition forces with multi-functional logistical services during contingency operations, such as the operation of incinerators at FOB Sharana.

⁴ Fluor found that wiring for the incinerator system was not compliant with National Electrical Code 2008, which is a set of standards developed for the purpose of safeguarding persons and properties from hazards arising from the use of electricity and covers areas such as installation of electrical conductors, and communications equipment.

⁵ Bonding is a method by which all electrically conductive materials and metallic surfaces of equipment and structures, not normally intended to be energized, are effectively interconnected together via a low impedance conductive means and path in order to avoid any appreciable potential difference between separate points. A safe and effective bonded grounding system is critical to maintaining the safety, reliability, and efficiency of operations.

⁶ We identified a similar issue during our inspection of the incinerator facility at FOB Salerno in the adjacent Khowst province. In that case, USACE transferred an inoperable facility, constructed at a cost of about \$5 million, to U.S. forces at the base. However, FOB Salerno officials decided not to use the facility due to high cost estimates submitted by Fluor Corporation, the base contractor at that site. For more information, see SIGAR Inspection 13-8, *Forward Operating Base Salerno: Inadequate Planning Resulted in \$5 Million Spent for Unused Incinerators and the Continued Use of Potentially Hazardous Open-Air Burn Pit Operations*, April 2013.

⁷ We requested project documentation that would explain why two 40-ton capacity incinerators were installed instead of a 24-ton capacity system. However, USACE officials told us that the project had been closed and documentation had been transferred back to the United States.

waste daily, which is about 80 percent of the capacity called for under the contract. As constructed, the incinerators also share a common loading area, which is too narrow to allow equipment, such as trash haulers and forklifts, to load the units with solid waste. As a result, solid waste would need to be manually loaded into the incinerators. In addition, the ramps to access the ash ejected from the incinerators are inaccessible to the equipment needed to load and transport the ash to a nearby pit. This design flaw means that workers would need to load wheel barrels and manually transport the ash. Photo 2 shows the narrow loading area for the two 40-ton incinerators.

Despite the problems detailed above, according to the contract modification, USACE paid the contractor (International Home Finance & Development LLC) in full in September 2012 and, in December 2012, subsequently transferred the incinerators and supporting facilities to FOB Sharana. In October 2013, FOB Sharana was closed and the entire base, including the incinerators, was transferred to the Afghan Ministry of Defense. According to officials with U.S. Forces-Afghanistan, the incinerators may “have already been deconstructed by the Afghans, presumably for scrap.”

According to the contract, USACE could have held International Home Finance & Development LLC accountable for fixing the deficiencies at FOB Sharana at its own expense. For example, the contract incorporates FAR clause 52.249-10, which allows the government to terminate a contract for default and hold the contractor liable for “any damage to the Government resulting from the Contractor’s refusal or failure to complete the work within the specified time.” The same clause states that contractor liability “includes any increased costs incurred by the Government in completing the work.” The contract also incorporates FAR clause 52.246-21, under which the contractor warranted that the work performed was free of any defect in equipment, material, design, or workmanship and that it would remedy, at its own expense, any defects in construction. This warranty could have been enforced even after final acceptance of work. However, USACE has not presented SIGAR with evidence indicating that it ever sought to recover any funds under this provision.

Photo 2 - Loading Area for Incinerators



Source: SIGAR, May 20, 2013.

FOB SHARANA USED OPEN-AIR BURN PITS IN VIOLATION OF U.S. CENTRAL COMMAND REGULATION ISSUED IN 2011

Department of Defense Instruction 4715.19 and U.S. Central Command (CENTCOM) Regulation 200-2 govern the use of this solid waste disposal method at U.S. bases during contingency operations. The instruction and regulation acknowledge that open-air burn pit operations are often necessary during contingency operations, especially when bases are first established. However, CENTCOM Regulation 200-2 states that when a base exceeds 100 U.S. personnel for 90 days, it must develop a plan for installing waste disposal technologies, such as incinerators, so that open-air burn pit operations can cease.⁸ According to CENTCOM officials, FOB Sharana, as well as other bases in Afghanistan, were not in compliance with the regulation regarding the use of open-air

⁸ CENTCOM regulation 200-2 states that if incinerators are used, they shall be ordered and on-site no later than 180 days after the 90 day threshold has been met. These incinerators shall be installed and operational no later than 180 days after they arrive on site. Regardless of technologies used, burn pits shall be closed within 360 days once a base exceeds 100 U.S. personnel for 90 days.

burn pits. Since the regulation's establishment in 2011, FOB Sharana had been using open-air burn pits in violation of the CENTCOM regulation. Photo 3 shows the open air burn pits and emissions at FOB Sharana.

CONCLUSION

Nearly 3 years after the initial scheduled completion date for the incinerator facility at FOB Sharana, the incinerators have never been used. In spite of known construction and safety deficiencies and poor contractor performance leading to construction delays, USACE accepted possession of the incinerators and paid the contractor \$5.4 million without having tested the incinerators to determine whether they were operational. In addition, even if the incinerators had been made operational, the poor physical layout of the facility, as constructed, would have limited the facility to only 80 percent of the processing capacity called for under the contract and would have required extensive manual labor to load waste and remove ash residue.

SIGAR has previously raised concerns regarding instances in which USACE failed to hold its contractors accountable for not accomplishing work they were paid to perform. SIGAR continues to believe that USACE must take immediate action to hold contractors accountable when they fail to deliver on their contractual commitments.

If the incinerator facility had been put into operation in August 2010, as planned, FOB Sharana would have been able to close its open-air burn pit. However, because of the delays and eventual acceptance of an unusable incinerator facility, base personnel faced continued exposure to potentially hazardous emissions, and \$5.4 million of U.S. taxpayer dollars could have been put to better use.

Photo 3 - Open-Air Burn Pit Emissions



Source: SIGAR, May 20, 2013.

RECOMMENDATIONS

We recommend that the Commanding General, USACE:

- (1) Conduct an inquiry into the circumstances of the acceptance of the incinerator facility at FOB Sharana and the payment of \$5.4 million to the contractor.**
- (2) Based on the results of this inquiry, determine if any action should be taken against the contracting officer(s).**

AGENCY COMMENTS

USACE provided written comments on a draft of this report, which are reproduced in full in appendix II.

In its comments, USACE states that it concurred with both recommendations, fully responded to them, and determined that USACE action on the report is complete. USACE also states that it has reviewed records related to the contract and has concluded that no contracting officers assigned to provide oversight on this contract failed to appropriately perform their assigned duties and, as a result, that no action will be taken against them.

While we commend USACE for its efforts to promptly conduct an inquiry, we question the thoroughness of USACE's assessment and the conclusions it reached. For instance, USACE states that the facility was turned over in an operable condition to its U.S. military customer in December 2012 and that the deficiencies identified by Fluor, the contractor that would operate the facility, were merely minor deficiencies that could be

addressed under a warranty process. However, as we note in our report, Fluor estimated it would cost about \$1 million—almost 19 percent of the total project cost—to fix the electrical deficiencies it identified. USACE also does not question our finding that these deficiencies posed a safety hazard, but, instead, notes that the problems were never fixed because the incinerator facility was not intended to be used and was scheduled to be deconstructed upon closure of FOB Sharana. USACE also states in its comments that it found no flaws in the incinerator facility site layout that would prevent full operation of the facility. However, as we discuss in this report, based on our engineer's inspection and our discussions with base personnel, we found that the loading area was too narrow to allow trash haulers and forklifts to load the solid waste into the incinerators. This design flaw meant that workers would have had to manually load the incinerators, which would have further reduced their efficiency.

USACE's comments also seem to confirm a lack of rigor on the part of contracting personnel to do their job. For example, as discussed in our report, the contract called for all work to be conducted under the general direction of the contracting officer *and subject to U.S. government inspection and testing before acceptance of the facility*. However, USACE's comments confirm that it did not conduct testing of the facility, but rather relied on the construction contractor to test the facility, with a USACE Area Engineer present. USACE's comments also underscore the significant problems we identified with the contractor's performance. For example, USACE acknowledges "contractor failure to provide an acceptable critical lift plan, suspension of work notices for safety violations, contractor failure to have correct safety personnel on site at all times, slow design effort by the contractor, and slow work performance by the contractor."

We remain troubled that USACE paid the contractor in full for a facility that had \$1 million in construction deficiencies, experienced significant delays, and was never used. Therefore, we question the accuracy of USACE's conclusions that the facility was properly transferred and that the USACE contracting personnel performed their assigned duties on the contract, and we request that USACE provide to SIGAR within 15 days all supporting documentation for these conclusions.

APPENDIX I - SCOPE AND METHODOLOGY

This report provides SIGAR's inspection results of the Forward Operating Base (FOB) Sharana incinerators and supporting facilities. We conducted our inspection at FOB Sharana on May 20, 2013. However, the inspection was limited because the incinerators and supporting facilities were not operational at the time of our visit. In addition, USACE was not able to provide complete construction project files for our review. FOB Sharana is the third in a series of inspections that examine incinerator construction projects that have taken place at U.S. bases throughout Afghanistan.

To determine whether (1) construction was completed in accordance with contract requirements and applicable construction standards, and (2) the incinerators and supporting facilities were being used as intended, we

- reviewed contract documents, design submittals, and geotechnical reports to understand project requirements and contract administration;
- interviewed cognizant officials regarding facility operation and maintenance; and
- conducted a physical inspection, reviewed quality assurance and quality control reports, and photographed the incinerators and supporting facilities to determine the current status and quality of construction.

SIGAR conducted its fieldwork in Kabul and at FOB Sharana's incinerators and supporting facilities from May through November 2013, in accordance with *Quality Standards for Inspection and Evaluation* published by the Council of the Inspectors General on Integrity and Efficiency. These standards were established to guide inspection work performed by all of the Offices of Inspectors General. The engineering assessment was conducted by a professional engineer in accordance with the National Society of Professional Engineers' *Code of Ethics for Engineers*. We did not rely on computer-processed data in conducting this inspection. However, we did consider the impact of compliance with laws and fraud risk.

We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our inspection objectives. SIGAR conducted this inspection under the authority of Public Law No. 110-181, as amended; and the Inspector General Act of 1978, as amended.

APPENDIX II - COMMENTS FROM U.S. ARMY CORPS OF ENGINEERS



DEPARTMENT OF THE ARMY
UNITED STATES ARMY CORPS OF ENGINEERS
TRANSATLANTIC DIVISION
255 FORT COLLIER ROAD
WINCHESTER, VIRGINIA 22603

06 DEC 2013

Ms. Elizabeth A. Field
Assistant Inspector General for Audits and Inspections
Special Inspector General for Afghanistan Reconstruction (SIGAR)
1550 Crystal Drive, Suite 900
Arlington, VA 22202


Dear Ms. Field:

Enclosed is USACE Transatlantic Division response to SIGAR Inspection Report: Forward Operating Base Sharana: Poor Planning and Construction Resulted in \$5.6 Million Spent for Inoperable Incinerators and Continued Use of Open-Air Burn Pits.

USACE concurs with SIGAR's recommendations to 1) conduct an inquiry into the circumstances of the acceptance of the incinerator facility at FOB Sharana and payment to the contractor and 2) determine if action should be taken against the contracting officer(s). USACE has conducted an inquiry and found that our records pertaining to this \$5.4M Firm-Fixed-Price contract show the incinerator facility at FOB Sharana was constructed in accordance with contract technical specifications, proper testing and training occurred in or about September 2012, and an operable facility was turned over to our U.S. Military customer in December 2012.

During the performance of this contract, there were several procuring contractor officers, administrative contracting officers and contracting officers' representatives assigned with oversight for this construction contract. Review of USACE records by a TAD Senior Procurement Analyst concluded that none of the USACE contracting personnel assigned to provide oversight on this contract failed to appropriately perform their assigned duties on the contract. Therefore, no action will be taken against any of the contracting personnel assigned to the contract.

Additional details are provided in the enclosure. My point of contact for this response is Mr. Mike Hatchett, Internal Review Auditor. He may be reached by e-mail at [REDACTED].


Vincent V. Quarles
Colonel, U.S. Army
Deputy Commander

Enclosures

USACE Comments to SIGAR Draft Inspection Report 14-X, Forward Operating Base Sharana: Poor Planning and Construction Resulted in \$5.6 Million Spent for Inoperable Incinerators and Continued Use of Open-Air Burn Pits

USACE comments are provided as shown.

RECOMMENDATIONS

We recommend that the Commanding General, USACE:

(1) Conduct an inquiry into the circumstances of the acceptance of the incinerator facility at FOB Sharana and the payment of \$5.6 million to the contractor.

USACE Response: Concur. USACE records pertaining to this \$5.4M Firm-Fixed-Price contract show the incinerator facility at FOB Sharana was constructed in accordance with contract technical specifications, proper testing and training occurred in or about September 2012, and the facility was turned over in an operable condition to our U.S. Military customer in December 2012.

USACE records also show that the USACE Area Engineer was present and witnessed the incinerator operational test conducted by the contractor in or about September 2012. For the testing to occur, the FOB Sharana incinerator site was necessarily tied into the main FOB Sharana 13.8 KV electrical voltage power distribution grid. Testing required a fully operational system with permanent power connected. Additionally, the 4th Brigade, 1st Infantry Division Engineer, advised us that there was power to the facility. Following the operational test, 12 hours of class room training, and 29 hours of equipment on-site “hands on” training was provided by the USACE construction contractor to the prospective incinerator operator’s (the LOGCAP Contractor, Fluor Inc.) employees on the incinerator systems. A pay request from Fluor for costs associated with this training was processed at FOB Sharana by the Division Engineer. Hands on equipment training would require the facility to be operational and be able to start and run the incinerator, waste conveyer belts, water pumps, fuel pumps and storage water tank supply systems.

USACE turned over the facility to its customer in December 2012. Formal turnover documentation prepared by USACE (Department of Defense Form 1354, “Transfer and Acceptance of DoD Real Property”) indicated that the USACE final inspection identified no deficiencies that would prevent turnover of the facility to the customer.

Under the LOGCAP program, the LOGCAP contractor was to be responsible for operation and maintenance of the facility. However, USACE was required to obtain its assessment of outstanding deficiencies on the project before turnover could occur and O&M could commence. Accordingly, the LOGCAP contractor conducted its own review of the facility and prepared a deficiency list that USACE included on the DD Form 1354. At the time of the facility turnover, USACE viewed the deficiency list provided by the LOGCAP contractor to be comprised of minor deficiencies or “punchlist items.” Per Engineer Regulation 415-345-38, facilities “completed with minor deficiencies which will not interfere with the designed use of the

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facilities, will be accepted from the contractor and transferred to the customer.” The regulation further states that “any further minor deficiencies disclosed during the inspection will normally not be justification to delay transfer.” Under some circumstances, minor deficiencies such as these may also be addressed as warranty items requiring coordination between the customer and construction contractor after project turnover. However, when our U.S. Military customer accepted turnover of the facility in December 2012, USACE understood it did so with plans to deconstruct the incinerator facility upon closure of FOB Sharana, and therefore did not require USACE to pursue resolution of any of the deficiencies identified by the LOGCAP contractor. Subsequently, the contractor was paid for work completed under the contract.

(2) Based on the results of this inquiry, determine if any action should be taken against the contracting officer(s).

USACE Response: Concur. During the performance of this contract, there were several procuring contracting officers, administrative contracting officers and contracting officers’ representatives assigned with oversight for this construction contract. Review of USACE records by a TAD Senior Procurement Analyst concluded that none of the USACE contracting personnel assigned to provide oversight on this contract failed to appropriately perform their assigned duties on the contract. Therefore, no action will be taken against any of the contracting personnel assigned to the contract.

Other Matters Addressed in the SIGAR Draft Report

Reasons for Some Project Delays Were Not Documented:

Our review of the contract documents, construction records and correspondence with the contractor revealed that a total of 712 calendar days were added to the contract period of performance by modifications, resulting in a contractually required completion date of 1 September 2012. The additional time from this date until the turnover date of 17 December 2012 was caused by contractor delays. Although the construction was significantly behind schedule, the project remained a priority of USACE and the identified user. Documented reasons for contractor-caused delays include contractor failure to provide an acceptable critical lift plan, suspension of work notices for safety violations, contractor failure to have correct safety personnel on site at all times, slow design effort by the contractor, and slow work performance by the contractor. USACE continuously strives to implement lessons learned from its work in the extremely challenging Afghan environment. Ongoing USACE quality management efforts include focused oversight reviews of its Afghanistan quality assurance programs at 90-days intervals. These focused reviews identify and correct program weaknesses and provide additional training to field personnel to continuously improve ongoing and future quality assurance efforts.

See SIGAR Comment 3

Electrical Deficiencies Posed Safety Hazards:

SIGAR's draft report indicates that the LOGCAP contractor's inspection of the incinerators identified "numerous electrical deficiencies that could pose safety hazards." At the time of project turnover, USACE considered the LOGCAP contractor's list of deficiencies to be minor deficiencies or "punch list" items. However, prior to turnover, USACE began coordination with Task Force Power to determine whether the facility as constructed contained any electrical code violations, and efforts to resolve any such concerns were underway. If no code violation was verified, the facility could have been operated as constructed, and if any code violation was verified, it could be repaired by the construction contractor as part of the warranty process. However, the installation indicated its plans were to deconstruct the incinerator as a part of the closure of FOB Sharana, and that it did not intend to operate the facility, and therefore did not require USACE to pursue verification or correction of any of the LOGCAP-identified deficiencies. USACE continuously strives to implement lessons learned from its work in the extremely challenging Afghan environment. Ongoing USACE quality management efforts include focused oversight reviews of its Afghanistan quality assurance programs at 90-days intervals. These focused reviews identify and correct program weaknesses and provide additional training to field personnel to continuously improve ongoing and future quality assurance efforts.

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Limitations to Incinerator Operability:

In its review of this draft report, USACE examined its July 2011 design review comments on the contractor's 100% design. These comments identified no flaws in the site layout that would prevent full operation and use of the facility as intended.

We believe the foregoing discussion fully responds to recommendations in this draft report, and therefore completes USACE action on the report

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SIGAR Responses to USACE Comments

1. Although the contract amount was for \$5.6 million, the construction contractor was paid \$5.4 million, due to modifications to the contract. Therefore, we have revised the recommendation to reflect the amount paid to the contractor.
2. It is still unclear why USACE determined that the deficiencies identified by the contractor required to operate the facility were “minor deficiencies.” As we note in our report, these electrical deficiencies, which the contractor estimated would cost \$1 million to fix, also posed safety hazards.
3. None of the documentation SIGAR received during the course of this inspection would support a figure of 712 days, as cited in USACE’s comments.
4. While USACE’s July 2011 design review comments may not have identified any flaws in the site layout, that does not necessarily mean that the design had no flaws. A more robust review could help determine why design flaws, such as the flaws found during our inspection, were not discovered during the July 2011 design review.

APPENDIX III - ACKNOWLEDGMENTS

Scott Harmon, Senior Inspections Manager

Brian Flynn, Senior Inspections Manager

Robert Rivas, Senior Auditor

John Dettinger, Senior Auditor

William Dillingham, Civil Engineer

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under project code SIGAR-I-007D

SIGAR's Mission

The mission of the Special Inspector General for Afghanistan Reconstruction (SIGAR) is to enhance oversight of programs for the reconstruction of Afghanistan by conducting independent and objective audits, inspections, and investigations on the use of taxpayer dollars and related funds. SIGAR works to provide accurate and balanced information, evaluations, analysis, and recommendations to help the U.S. Congress, U.S. agencies, and other decision-makers to make informed oversight, policy, and funding decisions to:

- improve effectiveness of the overall reconstruction strategy and its component programs;
- improve management and accountability over funds administered by U.S. and Afghan agencies and their contractors;
- improve contracting and contract management processes;
- prevent fraud, waste, and abuse; and
- advance U.S. interests in reconstructing Afghanistan.

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